

A YEAR OF PROGRESS AT A GLANCE

GOVERNOR HÉLDER LOPES
BANCO CENTRAL DE TIMOR-LESTE

14TH ANNIVERSARY OF THE BANCO CENTRAL DE TIMOR-LESTE
13 SEPTEMBER 2025

Your Excellencies, the President of the National Parliament, the Prime Minister, the President of the Court of Appeal, Deputy Prime Ministers, Distinguished Members of Parliament, Members of Government, Ambassadors, Development Partners, Members of the Board of Directors, Chief Executive Officers of Financial Institutions, Ladies and Gentlemen,

Today, we gather to celebrate the 14th Anniversary of the Banco Central de Timor-Leste. Above all, we give thanks to Almighty God for His blessings and guidance, which have allowed us to continue serving our beloved nation with dedication, prudence, and integrity.

On behalf of the Board of Directors and staff of the Central Bank, I wish to extend my heartfelt gratitude to Your Excellencies and all distinguished guests for joining us on this important occasion. Your presence is a reflection of the value and trust you place on the Central Bank's role in shaping Timor-Leste's future.

The Central Bank of Timor-Leste carries a mandate that is fundamental to the economic wellbeing of our nation. We are entrusted with exercising monetary policy to ensure price stability and safeguarding financial stability, promoting an efficient and inclusive payment system, licensing and supervising financial institutions, and managing sovereign wealth funds to ensure financial sustainability for both current and future generations.

This mandate is not exercised in isolation. It is firmly aligned with the Government's aspiration to foster sustainable socio-economic development, strengthen the resilience of our economy, and expand opportunities for all citizens of Timor-Leste, while steadfastly safeguarding the Central Bank's independence in the fulfillment of its responsibilities.

The Government has set ambitious economic targets to guide our national development in the years ahead. These include achieving an average annual GDP growth of 5 percent over the next five years, maintaining inflation below 4 percent to safeguard price stability, and fostering an average annual growth of 10 percent in private investment. In addition, the domestic revenue-to-GDP ratio is expected to rise to 15 percent by 2028, thereby reducing our dependence on the Petroleum Fund. Equally important, the Government is committed to creating more domestic employment opportunities to absorb the growing labor force, ensuring that the benefits of development are felt by all citizens.

In strengthening Timor-Leste's financial system, the Board of Directors has collectively defined a set of strategic objectives for the period 2023–2029. These objectives will guide the Central Bank's

institutional efforts to foster economic stability and growth, while ensuring compliance with both domestic requirements and international standards.

To achieve these institutional goals and mandates, our focus will be directed towards seven key strategic priorities:

1. Enhancing monetary policy and maintaining price stability to keep inflation under control and support sustainable economic growth.
2. Supervising and expanding the banking sector to safeguard a sound financial system, improve access to credit, and strengthen the Loan-to-Deposit Ratio.
3. Promoting financial inclusion by broadening access to financial services for the population at large and advancing digital financial solutions.
4. Strengthening the national payment system through the promotion of cashless transactions, integration with regional systems, and the introduction of the Instant Payment System (IPS).
5. Managing and growing strategic financial reserves to preserve the Petroleum Fund above USD 10 billion, while optimizing investments to achieve higher returns.
6. Investing in human capital development to foster excellence, professionalism, and performance across the Central Bank.
7. Modernizing institutional infrastructure through the establishment of a new Central Bank headquarters, designed to meet the future demands of Timor-Leste's financial system.

Over the past year, we have taken decisive steps to translate this mandate into action through strategic priorities and concrete initiatives that directly support the Government's economic objectives and long-term development vision.

1. Supporting Government's Economic Aspirations

The IX Constitutional Government has set ambitious goals to diversify the economy, stimulate private sector growth, increase domestic revenue, and create employment. The Central Bank has been working in full alignment with these objectives, ensuring that the financial sector remains a catalyst for growth and development by enabling a sound regulatory framework and promoting a sustainable ecosystem for credit market expansion, promoting digital financial services, and increasing financial inclusion.

2. Financial Sector Legislative Reform

Legislative reform is the foundation of a resilient and competitive financial sector. Over the past year:

- The Financial System and Banking Activity Law has been submitted to the National Parliament.
- The Secured Transactions Law has been approved and is now moving into implementation, with registry systems and regulations being finalized.
- The Recovery and Insolvency Regime has advanced to the specialty phase in Parliament.
- The draft Accounting Standards Law, led by the Ministry of Finance, is nearing completion.
- The Financial Consumer Protection and Market Conduct Law is under review, ensuring fairness and transparency for all citizens.

- The Draft Decree Law on the Use of Digital Payment Instruments in Commercial Establishments is awaiting review.

Banking assets have increased significantly since 2021, reflecting continued growth in the sector. However, nearly half of these assets are held abroad rather than being channeled into the domestic economy through lending. This underscores the importance of advancing these legislative initiatives that create an enabling environment for private sector growth and support the broader goal of economic diversification.

3. Promoting Digitalization and Financial Inclusion

A modern economy requires a modern payment system. This year, we launched the Instant Payment System (Ti-Fast) and introduced Timor Unique QR (TUQR), establishing a national QR code standard and laying the foundation for cross-border integration with the ASEAN QR Code Network. We expanded international card acceptance — Visa, Mastercard, and UnionPay — across the country, improving convenience for both visitors and citizens

Today, all commercial banks in Timor-Leste provide internet and mobile banking, empowering citizens with secure, convenient access to financial services. This is not just technological progress — it is social progress, ensuring that no Timorese is left behind in the financial system.

In addition, the Central Bank granted the first definitive license to a domestic fintech company, Ti-Oan, to provide e-wallet services to unbanked communities, with more in the pipeline. These milestones advance the Government's vision of a cash-lite society and strengthen financial inclusion nationwide.

In addition to this, the Central Bank also continued to implement measures to strengthen security, enhance resilience, and modernize its technological infrastructure and systems. These efforts include the implementation of cybersecurity frameworks, the upgrading of infrastructure, the enhancement of core banking systems, and the expansion of digital channels to foster financial sector innovation. Key initiatives in this regard include the upgrading of R-TiMOR, P24, the Banking Supervision Application (BSA), and the Credit Registry Information System (CRIS), as well as supporting the integration of the newly licensed local commercial bank into the core banking systems.

4. Managing the Nation's Wealth Prudently

The Petroleum Fund, our sovereign wealth fund, remains the backbone of Timor-Leste's fiscal sustainability and has recorded a positive year-to-date performance. As of July 2025, the Fund recorded gains of USD 1.02 billion, reflecting prudent and resilient long-term investment strategies.

A milestone this year was the Central Bank's new responsibility of managing the Social Security Reserve Fund (SSRF), further underlining the trust placed in us to safeguard the nation's resources for present and future generations.

5. Studying the National Currency

The adoption of the US dollar has mainly contributed to the price stability in the country. Nonetheless, The Central Bank has continued to conduct a comprehensive feasibility study on a national currency, including the development of a road map. This reflects the Government's aspiration to strengthen economic sovereignty while ensuring macroeconomic stability in the future.

6. Building Institutional and Human Capacity

Our vision for the future of Timor-Leste's financial sector is anchored in the establishment of the Central Bank Institute as a hub of excellence for capacity building, MSME development, and knowledge transfer. The Institute will deliver high-quality training in banking and finance for the entire financial sector, including MSMEs and local training providers, thereby strengthening the skills of Timorese professionals and contributing to financial sector development.

In parallel, we continue to invest in our staff through opportunities for higher education, professional certifications, and specialized training — recognizing that human capital is the cornerstone of our nation's socio-economic resilience.

7. Implementing the Financial Sector Development Strategic Plan

In alignment with the Government's broader socio-economic development goals and the future of the Financial Sector, the Central Bank has begun implementing the Strategic Plan for Financial Sector Development (2025–2035) guided by 4 key pillars : enabling financing for development, promoting modern payment system, enhancing access to finance, and modernization of financial sector. This plan is designed to create a modern and inclusive financial ecosystem that supports private sector financing, enhances access to credit, and promotes innovation in financial services.

8. Strengthening National and International Cooperation

- Renewal of the MoU with UNTL (March 2025).
- MoU with Asia Pacific University in Malaysia (April 2025).
- MoU with the Bank of Mozambique (May 2025), focusing on secured transactions, petroleum fund management, and financial supervision.
- Associate Membership of SEACEN.
- Continued partnerships with the Bank of Portugal, National Bank of Cambodia, and Central Bank of Brazil.
- Capacity-building collaborations with the IMF, World Bank Group, and IFC.

These partnerships reflect our commitment to aligning Timor-Leste's financial sector with regional and international standards, while contributing to the Government's vision of ASEAN integration and enhanced regional connectivity.

Through all these efforts, we aim to support the transition from a public sector-driven growth model to one that is more diversified and private sector-led, thereby ensuring resilient, inclusive, and sustainable economic development.

Excellencies, Ladies and Gentlemen,

The challenges before us remain significant — from diversifying our economy to building resilience in the face of global uncertainty. Yet our determination to overcome them is stronger than ever.

The Central Bank will continue to serve as a reliable partner of the Government, national and international development partners, financial institutions, and private sectors in achieving the national development goals and in realizing the socio-economic aspirations of our people. We will ensure that financial stability, inclusion, and innovation directly support job creation, private sector development, and poverty reduction.

As we reflect on these 14 years of progress, let us reaffirm our shared commitment to building a resilient, inclusive, and prosperous Timor-Leste — a nation where every citizen has the opportunity to thrive, and where financial stability underpins sustainable development for generations to come.

To conclude, I express my sincere gratitude to the Government, financial institutions, and partners for your support and cooperations throughout this period.

Thank you very much.